



ROLE OF COOPERATIVE INSTITUTIONS UNDER DEVELOPMENT OF RURAL RAJASTHAN

Dr. Manju Singh

Post doctoral fellow, EAFM dept. University of Rajasthan.

ABSTRACT

Rural Cooperative Banking and Credit Institutions play an important role in meeting the growing credit needs of rural India. And if we talk about the India at the time of 1947, India inherited a shattered economy. The economy was completely damaged. This damage was largely done by the exploitative policies adopted by the British rulers in India and finally by the partition of the country. After 60 years of independence we achieved good result in the field of service sector industry and agriculture. But it is unfortunate that large numbers of people are struggling for their basic needs of living hood in some states of India, from which one of the example is Rajasthan. It has diverse agro-climatic zones, regional disparities and different cultures. It is important to understand the regional context and livelihood systems first, before embarking on study of microfinance sector, which is still not as widespread as it is in southern states. In this study, we will look at the general context of rural Rajasthan, the status of economy, livelihood systems, poverty and its reasons, mapping the most backward districts and blocks and government's initiatives for poverty alleviation so that the importance of microfinance services are understood. The co-operative movement in Rajasthan is playing vital role in the social and economic development of the State, particularly in rural areas. Initially, this movement was confined to agricultural credit, later on, it rapidly spread to other fields like agro-processing, agro-marketing, milk production and distribution, rural industries, consumer stores, social services etc. This paper reviews the evolution of cooperative movement, examines its role and problems, and highlights its potential to adjust to the new perspectives in the context of rural Rajasthan, India. It concludes with some policy suggestions reposing great hope on the cooperative sector.

INTRODUCTION

Rajasthan is the largest state in the country with a geographical area of 3.42 lakh square kilometers. It occupies about 10% of the total area of India. There is wide variation in geography and climate within state. The Arawali hill ranges run from the south west of the state to the northeast. The eastern part of state has comparatively better rainfall than the western parts. The southern part is hilly and is inhabited by tribal population. The Indian Desert, 'The Thar', covers sixty percent of the land that falls on the western part of Rajasthan. It is among the driest part of the country. The average annual rainfall of the state is 530 mm which is erratic. As a result Rajasthan witnesses frequent droughts. Around 30.9 per cent of the state's area is classified as wastelands.

The economy of Rajasthan was full of miseries and wide spread poverty and unemployment. To reconstruct and rebuild the economy, we chose the path of planning, which meant that the state would play a vital role in deciding the levels and methods of production, distribution, and consumption. There is an urgent need to diversify the loans portfolio of cooperative credit institutions, particularly in the area of housing, rural trading sector, integrated loaning in rural areas, agro processing and financing for MIS aiming at water saving devices. In this context we can think about cooperative institutions

Cooperatives, credit cooperatives in particular, are an integral part of the Indian rural economy. They are having far reaching direct and indirect impacts on agricultural growth and rural development. In the changing scenario characterized by globalisation, structural adjustment programmes, transition from a centrally planned to a market oriented economy, processes of democratisation and decentralisation, agricultural industrialisation and rural out-migration, cooperative are facing new challenge. But they must succeed and have to be resilient to weather the transition. They need to reevaluate and reinvent themselves, adapt to the changing paradigm and reestablish their relevance as effective rural institutions. In this backdrop an attempt has been made in the paper to focus on the evolution and role of cooperatives in rural development, and assess their problems and future prospects as agents of change, transformation and prosperity. The study covers the host of economic activities in the rural areas with concentration on agriculture, and the variety of rural cooperatives with specific reference to those dispensing agricultural credit. It is based on both secondary data obtained from various published sources and primary data collected. A five stage simple random sampling procedure has been adopted to select the sample households with the district, the block, the gram Panchayat, the villages and the households representing the five stages respectively. Very simple statistical tools have been used to analyse data and interpret the results.

Objectives

The cooperative structure stands on a strong economic foundation and a sound social base. The economic logic behind formation of a cooperative and the spread of cooperative movement lies in the existence of glaring inequalities in the distribution of wealth and income and the need of moderating them through the principles of cooperation. The necessity of liberating people from the tyranny of exploitative practices is the social justification for cooperatives.

Research Methodology

Research design is the basic form, which provides guideline for the rest of the research process. It is a map or blue print according to which the research is to be conducted. Research design specifying the methods for data collection and data analysis in this process we have to find out solution for following problems.

- * How data would be collected ?
- * Which tools would be used for data collection?
- * What sampling plan would be used for data collection?

Limitations of cooperative Sector

- Cooperatives have come under the control of big rich and powerful individual. · Lack of information relating the credit schemes terms, obligation etc. were not known to poor people.
- Restricted banking hours leading to lower accessibility.
- Low business and outreach levels, poor loan recovery performance, poor income margins due to increasing management cost and poor operational skills. · Unavailability of long term and flexible credit
- The formal financial sector is unable to fulfill the requirements of consumption credit needs for poor people.
- Institutional procedures not appropriate to clients needs.
- Lack of improved methods of banking, infrastructure, savings, and new technology.
- Lack of practical, workable solution for generating finance/credit for huge mass.
- Lack of proper supervision, training and vocational assistance for poor client.

Functions of co-operative banks

Co-operative banks also perform the basic banking functions of banking but they differ from commercial banks in the following respects

- Commercial banks are joint-stock companies under the companies' act of 1956, or public sector bank under a separate act of a parliament whereas co-operative banks were established under the co-operative society's acts of different states.
- Commercial bank structure is branch banking structure whereas co-operative banks have a three tier setup, with state co-operative bank at apex level, central / district co-operative bank at district level, and primary co-operative societies at rural level.

- Only some of the sections of banking regulation act of 1949 (fully applicable to commercial banks), are applicable to co-operative banks, resulting only in partial control by RBI of co-operative banks and
- Co-operative banks function on the principle of cooperation and not entirely on commercial parameters

Conclusion

It is high time to introduce strict and appropriate institutional reforms in the cooperative system. Necessary administrative preparedness must be created at the executive level to initiate and administer instantaneous action against the erring officials, employees and willful defaulters to guarantee staff discipline and promote recovery. Adequate credit provisioning is no doubt a necessary condition for generation of income and gainful employment for the borrower cultivator households and for rural development specially for rural Rajasthan, but it is not the sufficient condition for ensuring such improvement. Necessary credit counseling and technical guidance must be provided along with the supply of adequate affordable and timely credit. This requires establishing credit counseling centre's and building client capacities for enhancing credit absorptive ability of the borrowers. A shift in emphasis from subsidized credit to supervised credit will prove beneficial both for productive loan utilization, prompt recovery and credit recycling. Secondly, short-term crop loans exhibit better recovery performance than medium term loans because the latter are for a comparatively longer period and the borrower usually relaxes on the plea of an elongated repayment period. Special care needs to be taken to tackle this problem. Third and foremost, the government should refrain itself from announcing populist debt relief sops which have dangerous implications for both end– use and repayment of credit. It has also to be little cautious in participating in the share capital of cooperatives as such participation, by assuring bail out in case of financial difficulty, can prove detrimental to their recovery performance. The role of the government in withstanding the recent global recession gives a ray of hope pointing clearly at its ability to the institutional disasters in the case of cooperatives. What is needed is strong willingness to act. The hole and the yacht need to be repaired before the boat drowns.

REFERENCES

1. Dwivedi, R.C. (2005): Hundred years of Cooperative Movement in India, Centre for Promoting Cooperatives.
2. Government of India (2005): Report of the Task Force on Revival of cooperative Credit Institutions, Ministry of Finance
3. (2009): Report of the High Power committee on Cooperatives, Ministry of Agriculture
4. (2011): Report of the working Group on Outreach of Institutional Finance, Cooperative and Risk Management for the 12th Five Year Plan, Planning Commission in of India
5. Mishra, B.S. (2010): Performance of Primary Cooperatives in India: An Empirical Analysis, MPRA paper no.21890 NABARD website
6. NAFSCOB (2011): Basic Data on Performance of State Cooperative Banks (April-1, 2009 to March-31, 2010) (2011): Basic Data on Performance of District Central Cooperative Banks (April-1, 2010 to March-31, 2011) (2012): Performance of Primary Agricultural Credit Societies (April-1, 2010 to March-31 2011)
7. NSSO (2005): All India Debt and Investment Survey, 2002
8. RBI (1954): Report of the All India Rural Credit Survey Committee
9. (1965): All India Rural Debt and Investment Survey, 1961-61
10. (1977): All India Debt and Investment Survey, 1971-72